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66170 7590 09/30/2011 Snell & Wilmer L.L.P. (AMEX) ONE ARIZONA CENTER 400 E. VAN BUREN STREET PHOENIX, AZ 85004-2202				
EXAMINER				
MYHRE, JAMES W				
ART UNIT		PAPER NUMBER		
3682				
NOTIFICATION DATE		DELIVERY MODE		
09/30/2011		ELECTRONIC		

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary**Application No.**

10/688,628

Applicant(s)

AGURA ET AL.

Examiner

JAMES W. MYHRE

Art Unit

3682

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 07 September 2011.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ An election was made by the applicant in response to a restriction requirement set forth during the interview on ____; the restriction requirement and election have been incorporated into this action.
- 4) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 5) ☒ Claim(s) 17-21 and 24-33 is/are pending in the application.
- 5a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 6) ☐ Claim(s) ____ is/are allowed.
- 7) ☒ Claim(s) 17-21 and 24-33 is/are rejected.
- 8) ☐ Claim(s) ____ is/are objected to.
- 9) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 10) ☐ The specification is objected to by the Examiner.
- 11) ☐ The drawing(s) filed on ____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 12) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. ____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/CIBO)
Paper No(s) Mail Date ____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s) Mail Date ____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: ____

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on August 25, 2011 has been entered.

Response to Amendment

2. This Office Action is in response to the Supplemental Amendment filed on September 7, 2011. The Amendment did not add any new claims, but did cancel Claims 22 and 23 and amended Claims 17, 27, and 28. Claims 1-16 were previously canceled. Therefore, the currently pending claims considered below are Claims 17-21 and 24-33.

Claim Objections

3. Claims 17, 27, and 28 are objected to because of the following informalities: the word "points" has been omitted in the newly added limitation of "determining, by the computer-based system, a purchase amount of loyalty of the identified loyalty point type". The limitation in each of the above claims should read "determining, by the

computer-based system, a purchase amount of loyalty points of the identified loyalty point type". Appropriate correction is required.

4. Claim 24 is objected to because of the following informalities: Claims 24 depends from newly canceled Claim 23. The Examiner believes this is a typographical error and that Claim 24 should depend from Claim 17, and will so consider it during the prosecution below. Appropriate correction is required.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

6. Claims 17-21 and 24-33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Fredregill et al (US 2005/0144074) in view of Davis (US 2004/0193491); Musharbash (7,096,164); and Dokken et al (US 2003/0225619).

Examiner Note: The Examiner notes that the original invention is directed to calculating the amount of loyalty points and monetary value needed to complete a purchase transaction of one or more items. The Amendment filed on January 6, 2011 adding a new clause to the independent claims (17, 27, and 28) directed to determining if the non-tangible item being purchased is a dependent or independent item and requiring the purchase of the associated independent item if the non-tangible item is a dependent item. The Examiner notes that this determination is separate from the loyalty points calculation steps (i.e. the loyalty points would be calculated on the total amount of the purchase whether the items contained therein are dependent, independent, or completely unrelated items). Thus, the Claims are directed to two subcombinations usable together: the loyalty points calculation steps and the dependent or independent item determining steps. Since the two sets of steps are shown together in a single claim, the Examiner will not require a Restriction, but will address each subcombination separately below.

Claims 17, 27, and 28: Fredregill discloses a system, method and computer-readable storage medium for managing an on-line marketplace, comprising:

- a. receiving a selection of a non-tangible item (e.g. a service or "certificates for travel related awards")(page 2, paragraph 0016; page 5, paragraph 0031; page 10, paragraph 0056; and page 13, paragraph 0072);
- b. placing an indicator of the non-tangible item in an electronic shopping cart (page 10, paragraph 0056 and page 13, paragraph 0072);
- c. receiving a first request to purchase the non-tangible item (page 13, paragraph 0072 - page 14, paragraph 0073);
- d. identifying a loyalty point type associated with the non-tangible item, wherein the non-tangible item is purchased with loyalty points of the identified loyalty point type ("*The points that may be earned include 'regular' points and 'bonus' points ... customers earn 'regular' points based on the pretax dollar amount of the current sales transaction, less any exempt items. 'Bonus' points are extra points that may be earned by the customer on the purchase of specifically promoted items ... Bonus points may also be awarded in a variable pricing scheme ... which may award 50 points for each pound of an item purchased*"; page 4, paragraphs 0025-0026; and "*In this particular embodiment, the point value for redeeming a redemption item is -750 points. The reduction of the price of the redeemable item is -\$1.20*", i.e. a conversion ratio of 750 points to 1.2 dollars; page 9, paragraph 0051. Thus, the type of loyalty points associated with the non-tangible item is identifies as either being "regular" or "bonus" points;

e. determining a conversion ratio for the non-tangible item based on a loyalty point type and the non-tangible item, wherein the conversion ratio is not 1:1 (*"The points that may be earned include 'regular' points and 'bonus' points ... customers earn 'regular' points based on the pretax dollar amount of the current sales transaction, less any exempt items. 'Bonus' points are extra points that may be earned by the customer on the purchase of specifically promoted items ... Bonus points may also be awarded in a variable pricing scheme ... which may award 50 points for each pound of an item purchased"*; page 4, paragraphs 0025-0026; and *"In this particular embodiment, the point value for redeeming a redemption item is -750 points. The reduction of the price of the redeemable item is -\$1.20"*, i.e. a conversion ratio of 750 points to 1.2 dollars; page 9, paragraph 0051. Thus, the customer may earn 100 regular points for a purchase of a 5 pound bag of potatoes costing \$10 (conversion ratio of 10 points per dollar) and an additional 250 bonus points for the same purchase (conversion rate of 50 points per pound) for a total point award for that purchase being 350 points. Figure 3c shows these steps (steps 320-324);

f. calculating a first amount of loyalty points and a monetary value of said loyalty points (based on the conversion ratio) to purchase the non-tangible item (page 13, paragraph 0072 – page 14, paragraph 0073); and

g. debiting first loyalty points from a first loyalty account for applying to at least a portion of the first amount (page 13, paragraph 0072 – page 14, paragraph 0073).

Fredregill does not explicitly disclose receiving account information for a second selected account associated with the non-tangible item and transferring the non-tangible item to the second account. However, Davis discloses a similar system, method, and computer-readable medium for managing an on-line marketplace in which the consumer identifies a second account (e.g. charity, retirement savings account, or mutual fund)(Figure 13, item 1320 and page 3, paragraph 0032 and paragraph 0036 – page 4, paragraph 0040) into which the non-tangible item (cash value of the redeemed loyalty points) is transferred (page 4, paragraph 0040). Davis also discloses several known programs that allowed a consumer to redeem loyalty points or miles for merchandise or donations to charity (e.g. GoldPoints™, TruCash™, TLS™, MileDonor™, etc.), for cash rebates (e.g. TruCash™), and for gift certificates of any amount over \$25 to the recipient of their choice (e.g. SaveDaily™). Finally, Davis further discloses allowing the consumer to select to redeem their earned loyalty points by transferring the monetary equivalent to an investment account or to the account of another member (Figures 9 and 12). Additionally, Davis discloses requesting and receiving from the consumer a selection of a second account (e.g. a new investment account) or information about the second account (e.g. an existing investment entity and account number), i.e. newly added limitations of *“requesting, by the computer based system, at least one of access information and a selection to create a new account for the second account;”* and *“accessing by the computer based system the second account in response to receiving the second account information, wherein the second account information is received to define the non-tangible-item.”* Therefore, it would have been obvious to one having

ordinary skill in the art at the time the invention was made for Fredregill to allow the consumer to purchase non-tangible items such as investments into mutual funds/IRA accounts, charities, or cash rebates and to enter the profile information about the desired second account. One would have been motivated to allow the consumer to purchase such non-tangible items in order to assist consumers to set aside funds for savings and to increase charity donations as discussed by Davis (page 1, paragraph 0003).

Fredregill also does not explicitly disclose determining whether the non-tangible item is an independent or dependent item and if it is a dependent item requiring the associated independent item be purchased (i.e. suspending the purchase of the dependent item until the associated independent item is selected for purchase). Fredregill does disclose calculating and displaying the loyalty points and monetary value needed to purchase all the items in the purchase order, i.e. either the non-tangible item by itself if it is an independent item or both the non-tangible item and the associated independent item if the non-tangible item is a dependent item. The Examiner notes that the calculation of loyalty points required for the purchase would depend on the total cost of the items being purchase and not on whether they are dependent or independent items. Furthermore, it is old and well known for merchants to require the purchase of one product before allowing the purchase of a linked product. For example, many computer software expansions require the user to either already have the basic software or to purchase it along with the expansion. Another example would be merchants who help customers design their own computer system to purchase by

receiving a selection of a component from the customer, checking to see if that component requires or is compatible with another component (i.e. whether it is an independent or dependent component), and preventing the purchase of the system until all components are deemed compatible (no outstanding dependent components).

Musharbash discloses such a system in which the customer selects various components and the system checks to ensure compatibility. For example, the system will check the power consumption of the selected components to ensure they are below the output of the power supply. If the user selects an additional component that causes the total power consumption to exceed the output, the system notifies the customer that the power supply must be replaced with one that has a higher power output (which may also require a better air cooling system (fan), etc.)(column 13, line 50 – column 14, line 30). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to validate the selected item to determine whether it was an independent item or a dependent item that required an additional item (independent item). One would have been motivated to make this determination in order to ensure that the customer would be able to use the dependent item, (e.g. an expansion to a on-line game is useless without the original game program).

Fredregill does not explicitly disclose associating a second loyalty account having a third amount of loyalty points of a second non-identified type (i.e. having a different type of loyalty points), determining based on a second conversion ratio the amount of loyalty points from the second loyalty account needed based on the deficiency amount, and processing the transaction by debiting the first amount of loyalty points from the first

loyalty account and the third amount of loyalty points from the second loyalty account to cover the purchase amount of at least one of the dependent and independent non-tangibles items, i.e. use loyalty points from a second loyalty account to cover the monetary value of the items not covered by the redemption of the loyalty points from the first loyalty account. However, Dokken discloses a similar method for redeeming loyalty points which receives the purchase amount, calculates the amount of "house-brand" points needed to pay for the purchase by converting the house-brand points earned at various "awarding participants" (plurality of loyalty program sponsors, each with its own "house-brand" points), and settling the purchase cost by applying the converted loyalty points from one or more of the house-brand loyalty points accounts to cover the monetary purchase cost (page 6, paragraphs 0071 – 0082). The loyalty points are converted and exchanged through a Clearinghouse (*"A Clearinghouse enables the universal and seamless exchange, regardless of goods or services, of loyalty program points and rewards by using a conversion ratio to settlement points...The ratios are set by the Participants and by agreement of the Authorized Issuer and the Points Bank"* (page 4, paragraph 0044). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to use points from other loyalty accounts (i.e. a second loyalty account), each with their own conversion ratio, to cover the deficiency amount of the transaction that is not covered by the loyalty points being redeemed from the first loyalty account by converting the second loyalty accounts into a monetary amount equivalent to the deficiency amount. One would have been motivated to convert and utilize loyalty points from other loyalty

programs to help cover the cost of the purchased non-tangible items in order to allow the customer to consummate the transaction without having to cover the remainder of the cost with cash (this would also allow the redemption of "old" loyalty points before they expire as discussed by Dokken).

Claims 18-20: Fredregill, Davis, Musharbash, and Dokken disclose the method as in Claim 17 above, and Davis explicitly discloses that the non-tangible item is a donation to charity, an investment in a retirement savings account (e.g. IRA account), or a cash rebate (i.e. monetary credit) (page 1, paragraph 0004 and page 3, paragraph 0032). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to allow the consumer to purchase non-tangible items such as investments into mutual funds, retirement account (IRAs), charities, or to receive cash rebates. One would have been motivated to allow the consumer to purchase non-tangible items in order to assist customers to set aside funds for savings and to increase charity donations as discussed by Davis (page 1, paragraph 0003).

Claim 21: Fredregill, Davis, Musharbash, and Dokken disclose the method as in Claim 17 above, but do not explicitly disclose that the non-tangible item is frequent flyer miles. However, Fredregill discloses a "transfer points function" that "allows the retailer to assist customers in consolidating points between two customer accounts." (page 7, paragraph 0041). Additionally, Davis discloses that the consumer selects the desired option for redeeming the loyalty points, where "These options include, but are not

limited to, cash, college savings fund, retirement savings fund, mutual fund, money market account, a bond, savings account, checking account, charity savings account and any other financial vehicle.” (page 3, paragraph 0037). The Examiner notes that “any other financial vehicle would include other loyalty programs such as frequent flyer miles or frequent shopper points. Furthermore, converting one type of loyalty award (e.g. points) for another type of loyalty award (e.g. miles) was well known at the time of the invention as shown by Dokken et al (US 2003/0225619)(Abstract). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to allow the consumer to exchange (redeem) the loyalty points for frequent flyer miles or any other loyalty award. One would have been motivated to allow the consumer to exchange one type of award for another type in order to expedite reaching the required number of frequent flyer points for a desired prize, e.g. if the consumer is 500 frequent flyer points short of a desired prize, transferring the equivalent value of loyalty points to the frequent flyer account would allow the consumer to attain the prize without having to wait until they complete another flight (which may be months away for an individual, non-business consumer).

Claim 24: Fredregill, Davis, Musharbash, and Dokken disclose a method as in Claim 17 above, and Fredregill further discloses displaying a points calculator that is configured to determine a number of first loyalty points needed to purchase the non-tangible item (page 10, paragraphs 0056 and 0058).

Claim 25: Fredregill, Davis, Musharbash, and Dokken disclose a method as in Claim 17 above, and Fredregill further discloses receiving a second request to purchase a tangible item (page 2, paragraph 0016; page 10, paragraph 0056; and page 13, paragraph 0072); calculating a second amount of loyalty points necessary to purchase the tangible item (page 13, paragraph 0072 – page 14, paragraph 0073); debiting the first loyalty account for the second amount of loyalty points (page 13, paragraph 0072 – page 14, paragraph 0073); and receiving shipping information associated with the tangible item (page 4, paragraph 0024 and page 10, paragraph 0058 – page 11, paragraph 0059). Fredregill discloses the consumer selecting a plurality of desired items, placing the selected items in a shopping cart, and keeping a running total of the number of loyalty points needed to purchase each item, subcombinations of items in the shopping cart, or all of the items in the shopping cart. Based on the consumer's selection of item(s) (if any) desired to be purchased using loyalty points, the system automatically calculated and debits the loyalty account with the appropriate number of loyalty points.

Claim 26: Fredregill, Davis, Musharbash, and Dokken disclose a method as in Claim 17 above, and Davis further discloses associating the second account with the on-line marketplace (page 3, paragraph 0036). Davis discloses that the consumer is shown a list of account payout options from which to select the desired account to which the monetary value of the redeemed loyalty points will be deposited. These accounts from which the consumer can select are pre-approved by the issuer, i.e. they are associated

with the on-line marketplace. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to associate the second accounts (e.g. charities) with the on-line marketplace. One would have been motivated to associate the accounts with the marketplace (e.g. pre-approve) in order to assure they are legitimate accounts, thereby protecting the consumer from unscrupulous "charities" or other investment accounts.

Claims 29-33: Fredregill, Davis, Musharbash, and Dokken disclose a method as in Claim 25 above, and Musharbash discloses determining whether the tangible item is an independent or dependent item, i.e. whether the purchase of the item (independent item) is a prerequisite before purchasing of another item (dependent item), and offering the consumer the corresponding independent or dependent item(s) based on the type of item initially selected (e.g. recommending a higher power supply). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to make such determinations and to present the offers to the consumer. One would have been motivated to make these offers in order to increase the total sum of the transaction, thus increasing profits for the merchant, and to ensure usability of the purchased item(s).

Response to Arguments

7. Applicant's arguments filed September 7, 2011 have been fully considered but they are not persuasive.

The Applicant argues that Dokken discloses a single 'settlement point' or exchange for converting various types of loyalty points to a uniform value and, thus, like Fredregill and Postrel does not disclose the "those points have different values and the points are converted based on the source of the points and the item being purchased" (pages 11-12). The Examiner notes that Dokken explicitly discloses that the points are being converted based on the source of the points, i.e. the "house-branded" points and the ratio designated by the issuer of those house-branded points, wherein each issuer sets its own conversion ratio. When a customer is conducting a transaction, he may choose which house-branded" points (loyalty account or accounts) to use to pay for the transaction of the item, based on at least the cost of the item (Dokken also discloses that this selection may be made automatically by the system based on the predetermined preferences of the customer). The system will consolidate and calculate the points earned at various "Awarding Participants" (issuers) into a redemption bundle, which is then converted into the "Redeeming Participants" (redeeming merchant) house-brand equivalent. In other words, the Dokken system receives an invoice from the merchant for the goods or services being purchased by the customer, requests redemption of loyalty points from a first loyalty account of the customer to cover the cost of the invoice, determines if there are enough loyalty points in that account to fully cover the cost of the invoice, and, if not, converts loyalty points from one or more other loyalty accounts based on different conversion ratios designated by each of the other loyalty point account issuers into the equivalent amount of loyalty points of the merchant to cover any amount not covered by the loyalty points being redeemed from the

customer's first loyalty account. Since Fredregill already discloses determining an amount of the purchase that is not covered by the redeemed loyalty points from the first the loyalty account (i.e. the deficiency amount), it would have been obvious to one having ordinary skill in the art to allow the customer to cover the deficiency amount using converted loyalty points from other loyalty accounts instead of requiring the customer to pay the deficiency amount in cash.

Conclusion

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES W. MYHRE whose telephone number is (571)272-6722. The examiner can normally be reached on Monday through Thursday 6:00-3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Namrata Boveja can be reached on (571) 272-8105. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only.

For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

JWM
September 26, 2011

/JAMES W MYHRE/
Primary Examiner, Art Unit 3682